

VIA EMAIL - regcomments@ncua.gov

February 7, 2014

Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

RE: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities

Dear Mr. Poliquin:

I am the Senior Vice President and General Counsel for American Airlines Federal Credit Union (American Airlines Credit Union or Credit Union). American Airlines Credit Union is a federally chartered credit union headquartered in Fort Worth, Texas, with approximately \$5.6 billion in assets and over 234,000 members located throughout the United States. We have 38 branches located in 12 states. There are about 600 employees who work at the Credit Union.

The Credit Union appreciates the opportunity to submit our comments on the Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities to the National Credit Union Administration (NCUA). While the Credit Union strongly supports various diversity initiatives and has a diverse workforce, we are concerned about the proposed joint standards.

Under section 342(b)(2)(C) of the Dodd-Frank Act, the NCUA's Office of Minority and Women Inclusion (OMWI) is required to develop standards for "assessing the diversity policies and practices of entities regulated by the agency." Additionally, section 342(b)(4), states that nothing in the above section "may be construed to mandate any requirement on or ... to require any specific action based on the findings of the assessment."

The NCUA and other agencies are including four areas for financial institutions, including credit unions, to focus on when assessing their organizational diversity policies:

- 1) Organizational Commitment to Diversity and Inclusion; 2) Workforce Profile and Employment Practices; 3) Procurement and Business Practices including Supplier Diversity; and 4) Practices to Promote Transparency of Organizational Diversity and Inclusion.

Regarding proposed standards one and two, credit unions are already facing internal and external pressure to do the right thing by hiring a diverse workgroup. In order to survive in the marketplace, credit unions already know that having a diverse workgroup will allow them to

remain competitive. The NCUA must recognize that credit unions as “member-owned, not-for-profit cooperatives” are very different from “for profit” financial institutions.

Currently, the Equal Employment Opportunity Commission requires employers with 100 or more employees file an Employer Information Report EEO-1. There is no need for the OMWI to impose additional burdens on credit unions that are already filing these reports. In addition, there is no need for the OMWI to impose requirements on credit unions that are not mandated by the EEOC to file these reports. To do so would be outside the scope of what Congress intended.

There is no reason to make a credit union’s commitment to diversity a bureaucratic process. The NCUA also needs to take into consideration that while credit unions are equal opportunity employers, that credit unions cannot force diverse applicants to apply for jobs with us. Depending on where a credit union is geographically located in the country, it may be difficult to hire diverse applicants, no matter that a credit union has a very detailed diversity policy. Because we tend to be smaller companies, it is possible that the wages or benefits offered are not quite as competitive as those of other companies.

Additionally, the proposed standards where certain information from credit unions is required to be gathered can become a very manual process. Gathering this type of information will require a significant amount of time and resources from all credit unions when we are already struggling to comply with a vast amount of regulations especially those under the Dodd-Frank Act.

One of the biggest and more complex issue is procurement and supplier diversity. While all credit unions would appreciate having access to a vendor diversity list, it is not easy to come up with such a list. Someone needs to determine which vendors are diverse, contact the vendors, invite the vendors to send in a certification proving that they are a diverse company, invite them to bid for a contract, annually maintain the list and participate in procurement activities. All of this effort needs resources. Moreover, even if a credit union did have this list, there is no guarantee that a diverse supplier would be interested in bidding for a contract unless the vendor knows that it makes economic sense for them to participate.

Because credit unions are generally smaller companies, they just do not have the resources to track all of this information. We would recommend that the NCUA and the agencies via their OMWI departments set up a database that tracks and monitors diverse vendors. That way credit unions can easily contact diverse suppliers inviting them to bid on contracts. Additionally, diverse vendors would be attracted to being on this list knowing that many credit unions would have access to it. There is no need for over 7,000 credit unions to each come up with its own diverse supplier list.

Moreover, just because a credit union has gone through the steps to have a diverse supplier list is no indication that a diverse supplier will bid to do work for that particular credit union. Vendors will only participate if they determine that it is worthwhile for them to participate in the process.

Gerard Poliquin  
February 7, 2014  
Page 3

From a marketplace point of view, cost and service generally determine where credit unions spend their money. There is always a possibility that it may be cost prohibitive to go with a diverse supplier. Additionally, just because a vendor is not diverse, does not mean that it has a bad product. Credit Unions should not be penalized because they may decide that a non-diverse supplier offers the best product or services for their members.

American Airlines Credit Union is a strong proponent of diversity. We currently track the dollars that we pay to diverse or minority vendors, we have a diverse workforce and employees participate in many of American Airlines' diverse employee groups. We are able to do this because of the support that we receive from American. Not many other credit unions have this benefit.

We believe that the NCUA should not mandate that a credit union's diversity plans or its commitment to diversity should be made public. While the NCUA can mandate that a credit union share its plans with them, there does not appear to be any benefits to the credit union to share its plans with the public. It should be up to each individual credit union to determine what they want to share with the public. Any sharing of this type of information should be strictly voluntary. We all want to do the right thing. However, if credit unions are required to make its diversity plans and commitment public, we are concerned that it may be easily construed against the credit union.

Credit unions have been uniquely burdened with increasing complex and numerous regulations in the last few years. Now is not the appropriate time to add new regulations or mandates where it is not needed or outside the scope of the intent of Congress. Now is the time for credit unions to focus on its mission of helping and serving its members.

Thank you for taking time to review our comments. If you have any questions, please contact me.

Sincerely,

Faith Lleva Anderson

Faith Lleva Anderson  
Senior Vice President & General Counsel

cc: Cornerstone League  
CUNA  
NAFCU